

BEFORE THE  
TENNESSEE STATE BOARD OF EQUALIZATION

*In Re:*     Ruth G. Chester Revocable Living Trust (Deceased)     )  
             District G2, Block 30U, Parcel E13                             )  
             Residential Property     )     Shelby County  
             Tax year 2005     )

INITIAL DECISION AND ORDER

Statement of the Case

The Shelby County Board of Equalization ("county board") has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$36,300	\$144,300	\$180,600	\$45,150

On February 23, 2006, the State Board of Equalization ("State Board") received an appeal on behalf of the property owner.

The undersigned administrative judge conducted a hearing of this matter on April 6, 2006 in Memphis. In attendance at the hearing were the appellant, James E. Chester, Jr., and Shelby County Property Assessor's representative Ron Nesbit.

Findings of Fact and Conclusions of Law

The subject property is a one-story, brick-veneer house in "The Hill" subdivision of Germantown. Built in 1978, this three-bedroom home contains 1,878 square feet of living area and an attached carport.

In this appeal from the value ultimately determined by the county board,<sup>1</sup> Mr. Chester seeks a reduced appraisal of \$172,800. He derived that figure by multiplying the square footage of the subject house times the average sale price per square foot (\$92) of 12 "comparables" identified on a list previously obtained through the Memphis Area Association of Realtors (MAAR). The taxpayer also furnished printouts from the Assessor's web site purporting to show that the property under appeal has been inequitably appraised in comparison with other homes in the same subdivision.

The Assessor's representative tendered a comparative sales analysis in support of the disputed value. According to his information, four of the five selected comparables were located within a half-mile radius of the subject property; and all of those comparables were similar in age, size, and amenities. The (unadjusted) sale prices for Mr. Nesbit's comparables ranged from \$174,900 to \$186,000.

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<sup>1</sup>The hearing officer to whom the taxpayer's complaint was referred by the county board apparently recommended a slight reduction in the Assessor's original value (\$180,600). However, upon its review of the matter, the full board decided to affirm that value.



Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values...."

Since the taxpayer seeks to change the present valuation of the subject property, he has the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

To his credit, the appellant diligently researched the neighborhood in his quest for a modest (4.3%) reduction in the valuation of the subject property. However, after reviewing all the evidence of record, the administrative judge cannot recommend an adjustment of the current appraisal.

Unfortunately, all of the aforementioned MAAR comparables sold *after* the January 1, 2005 reappraisal date. In Acme Boot Company & Ashland City Industrial Corporation (Cheatham County, Tax Year 1989, Final Decision and Order, August 7, 1990), the Assessment Appeals Commission upheld a ruling that events occurring after the assessment date for the tax year in controversy "are not relevant unless offered for the limited purpose of showing that assumptions reasonably made on or before the assessment date have been borne out by subsequent events." Moreover, 11 of the dozen MAAR comparables were reportedly older than the subject; and if the \$60-per-square-foot "outlier" (7256 Claiborne Drive) were excluded from the calculation, the average sale price of those houses would have been about \$95 per square foot – a statistically insignificant variance from the \$96.14-per-square-foot appraisal of the property in question.

Finally, the State Board has generally rejected complaints to the extent that they are predicated on the *appraised* values of ostensibly similar properties. As the Assessment Appeals Commission has explained:

The assessor's recorded values for other properties may suffer from errors just as Ms. Swope has alleged for her assessment, and therefore the recorded values cannot be assumed to prove market value.

Stella L. Swope (Davidson County, Tax Years 1993 & 1994, Final Decision and Order, December 7, 1995), p. 2.

#### Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$36,300	\$144,300	\$180,600	\$45,150

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:



1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **"must be filed within thirty (30) days from the date the initial decision is sent."** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **"identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order"**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 5<sup>th</sup> day of May, 2006.



PETE LOESCH  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

cc: James E. Chester, Jr.  
Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office  
Rita Clark, Assessor of Property

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